



**Mary Taylor, CPA**  
Auditor of State



**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

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**Mary Taylor, CPA**  
Auditor of State

Tuscarawas County Health Department  
Tuscarawas County  
897 East Iron Avenue  
P.O. Box 443  
Dover, Ohio 44622

To the Executive Director and Board of Health:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 15, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Tuscarawas County Health Department  
Tuscarawas County  
897 East Iron Avenue  
P.O. Box 443  
Dover, Ohio 44622

To the Executive Director and Board of Health:

We have audited the accompanying financial statements of the Tuscarawas County Health Department, Tuscarawas County, Ohio, (the Department) as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Department has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Department's larger (i.e. major) funds separately. While the Department does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Departments to reformat their statements. The Department has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Department as of December 31, 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Tuscarawas County Health Department, Tuscarawas County, Ohio, as of December 31, 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Department has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2008, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the financial statements that collectively comprise the Department's financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a federal awards receipts and expenditures schedule. The schedule is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

May 15, 2008



**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Intergovernmental	\$1,575,751	\$1,534,120	\$25,000	\$3,134,871
Contracts		108,000		108,000
Charges for Services	376,267	107,146		483,413
Fees, Licenses & Permits		396,352		396,352
Miscellaneous	9,708	15,014		24,722
<b>Total Cash Receipts</b>	<b>1,961,726</b>	<b>2,160,632</b>	<b>25,000</b>	<b>4,147,358</b>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Health:				
Personnel	1,100,525	1,368,178		2,468,703
Advertising		510		510
Travel/Conferences	10,930	23,840		34,770
Supplies	116,667	164,248		280,915
Equipment	10,793	55,635	18,168	84,596
Rentals	360	7,800		8,160
Contract Services	334,898	473,341		808,239
Remittance to State of Ohio	60,525	93,717		154,242
Other	7,190	3,438		10,628
Capital Outlay			6,259	6,259
<b>Total Cash Disbursements</b>	<b>1,641,888</b>	<b>2,190,707</b>	<b>24,427</b>	<b>3,857,022</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>319,838</b>	<b>(30,075)</b>	<b>573</b>	<b>290,336</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	3,684			3,684
Advances-In	178,500	305,300		483,800
Transfers-Out		(3,684)		(3,684)
Advances-Out	(305,300)	(178,500)		(483,800)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(123,116)</b>	<b>123,116</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	196,722	93,041	573	290,336
Fund Cash Balances, January 1	1,753,385	492,806	32,970	2,279,161
<b>Fund Cash Balances, December 31</b>	<b>\$1,950,107</b>	<b>\$585,847</b>	<b>\$33,543</b>	<b>\$2,569,497</b>
Reserves for Encumbrances, December 31	\$39,240	\$43,844	\$7,075	\$90,159

*The notes to the financial statements are an integral part of this statement.*

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**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Tuscarawas County Health Department, Tuscarawas County, (the Department) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the Department. The Department's services include immunization clinics, inspections, tuberculosis screenings, public health nursing services and issuance of health-related licenses and permits.

The Department's management believes these financial statements present all activities for which the Department is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Department recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

As required by the Ohio Revised Code, the Tuscarawas County Treasurer is custodian for the Department's cash. The County's cash and investment pool holds the Department's assets, valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

The Department uses fund accounting to segregate cash and investments that are restricted as to use. The Department classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Department had the following significant Special Revenue Funds:

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund that accounts for the Special Supplemental Nutrition Program.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

Alcohol Fund - This fund is used to account for the purchase of service funds and Medicaid match to contract with the Alcohol, Drug Addiction, and Mental Health Services Board (ADAMHS) for an alcohol and other drug prevention and outpatient treatment program.

Tobacco Fund - This fund is used to account for funding the Tobacco-Free Coalition of Northern Appalachia to implement tobacco prevention and use programs.

**3. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Permanent Improvement Fund is the Department's only capital project fund.

**E. Budgetary Process**

The Ohio Revised Code requires the Department to budget each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Department Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Department to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2007 budgetary activity appears in Note 2.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (continued)**

**F. Property, Plant, and Equipment**

The Department records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Budgetary Activity**

Budgetary activity for the year ending December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,780,600	\$2,143,910	\$363,310
Special Revenue	2,246,011	2,465,932	219,921
Capital Projects	25,000	25,000	0
Total	\$4,051,611	\$4,634,842	\$583,231

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,176,441	\$1,986,428	\$190,013
Special Revenue	2,526,365	2,416,735	109,630
Capital Projects	40,818	31,502	9,316
Total	\$4,743,624	\$4,434,665	\$308,959

**3. Intergovernmental Funding**

The County apportions the excess of the Department's appropriations over other estimated receipts among the townships and municipalities composing the Department, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the Department. The financial statements present these amounts as intergovernmental receipts.

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the Department with sufficient funds for health programs. The levy generated \$1,086,498 in 2007. The financial statements present these amounts as intergovernmental receipts.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**4. Retirement Systems**

The Department's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members contributed 9.5% of their gross salaries and the Department contributed an amount equaling 13.85% of participants' gross salaries. The Department has paid all contributions required through December 31, 2007.

**5. Risk Management**

**Commercial Insurance**

The Department has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**6. Insurance Purchasing Pool**

The Department participates in a group rating plan for Workers' Compensation through Tuscarawas County as established under Ohio Rev. Code Section 4123.29. The Department paid \$49,319 to Tuscarawas County to participate in the pool in 2007.

**7. Contingent Liabilities**

Amounts grantor agencies pay to the Department are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Grant Number	Receipts	Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
<i>(Passed through Ohio Department of Health)</i>				
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	79-1-001-1-CL-06	\$26,833	\$0
		79-1-001-1-CL-07	237,869	237,526
		79-1-001-1-CL-08	56,667	57,261
<b>Total U.S. Department of Agriculture</b>			321,369	294,787
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>(Passed through Ohio Department of Health)</i>				
Centers for Disease & Prevention Investigations and Technical Assistance	93.283	79-1-001-2-BI-07	114,407	118,425
		07910012PIO108	32,590	39,839
<b>Total Centers for Disease &amp; Prevention Investigations and Technical Assistance</b>			146,997	158,264
Maternal & Child Health Services Block Grant to the States (CFHS)	93.994	79-1-001-MC-07	4,542	0
		07910011MCO108	18,353	18,353
<b>Total Maternal &amp; Child Health Services Block Grant (CFHS)</b>			22,895	18,353
Family Planning Services	93.217	79-1-001-1-XX-07	47,560	47,560
Medical Reserve Corps Small Grant Program	93.008	MRCSG061001-01	10,000	9,405
<b>Total U.S. Department of Health and Human Services</b>			227,452	233,582
<b><u>U.S. Department of Transportation</u></b>				
<i>(Passed through the Ohio Department of Transportation)</i>				
State and Community Highway Safety	20.600	OPC-2007-79-00-00-00422-00	53,739	42,148
		OPC-2007-79-00-00-00393-00	0	12,304
<b>Total U.S. Department of Transportation</b>			53,739	54,452
<b>Total</b>			<b>\$602,560</b>	<b>\$582,821</b>

The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this statement.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the Department's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – ACCOUNTING METHOD FOR EXPENDITURES**

Federal funds were commingled with the local funds for the Maternal and Child Family Health Services Block Grant and Preventive Health Services Block Grant. It is assumed federal monies are expended first.





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Tuscarawas County Health Department  
Tuscarawas County  
897 East Iron Avenue  
P.O. Box 443  
Dover, Ohio 44622

To the Executive Director and Board of Health:

We have audited the financial statements of the Tuscarawas County Health Department, Tuscarawas County, Ohio, (the Department) as of and for the year ended December 31, 2007, and have issued our report thereon dated May 15, 2008, wherein we noted the Department followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Department's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Department's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider Finding Number 2007-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Department's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted a certain internal control matter that we reported to the Department's management in a separate letter dated May 15, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Department's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Department's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Department's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Department Board of Trustees, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 15, 2008



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Tuscarawas County Health Department  
Tuscarawas County  
897 East Iron Avenue  
Dover, Ohio 44622

To the Executive Director and Board of Health:

### Compliance

We have audited the compliance of the Tuscarawas County Health Department, Tuscarawas County, Ohio, (the Department) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying Schedule of Findings identifies the Department's major federal program. The Department's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Department's compliance with those requirements.

In our opinion, the Tuscarawas County Health Department, Tuscarawas County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

### Internal Control Over Compliance

The Department's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Department's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Department Board of Trustees, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

May 15, 2008

**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Supplemental Nutrition Program for Woman, Infants, and Children, CFDA #10.557
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2007-001**

**Significant Deficiency**

**Income Verification**

During our testing of charges for services receipts (clinic, dental, family planning, and alcohol), we noted the following weaknesses or errors:

- For 11 out of 60 alcohol client invoices tested, patients were charged the wrong sliding fee percentage based on current income levels or lack of support for income levels resulting in patients being under billed. These errors resulted in a projected billing misstatement of \$5,386.
- For 5 out of 60 clinic, dental and family planning invoices tested, clients were charged the wrong sliding fee percentage based on current income levels resulting in patients being over billed. These errors resulted in projected billing misstatements of \$6,630 for family planning and \$1,799 for dental.
- For 6 out of 120 invoices (clinic, dental, family planning, and alcohol) tested, past due accounts were not sent to collections in accordance with the Department's Policy.
- The Department implements a policy that income documentation must be no older than 30 days from the date of service, however, this policy is not in the approved income verification policy;
- For 1 out of 120 invoices (clinic, dental, family planning, and alcohol) tested, the patient was an employee of the Department and did not pay the invoice amount nor have they been sent to collections in accordance with the Department's policy.
- Since employees of the Department can also be clients, certain employees have access to their own billing information.

As a result of not fully implementing Department policy and no formal segregation of duties policy, the risk of charges for services receipts being misappropriated/improperly billed is significantly increased.

The Department should implement the following:

- The Department should restructure who handles the charts in the Alcohol Department so that one person is held accountable to ensure the proper income verification information is on file and the correct percentage of the total bill is calculated;
- The Department should update their approved income verification policy to include language regarding verifying income within 30 days of the date of service;
- The Department should implement a policy that does not allow employees to have computer access to their own billing accounts. The Department should also program the computer system to assign initials of Department employees who make changes to client's accounts, i.e. payments, adjustments, etc.;
- The Department should include employees in the same collections policy as other clients if payment is not made within 90 days. As is, the risk that Department employees could receive free services is significantly increased.

This will help ensure that Charges for Services are properly billed and are not misappropriated.

**Officials' Response:** Based on the results of the 2006 financial statement audit, the Department implemented new policies and procedures regarding income verification guidelines, employee access to billing accounts and collection procedures for past due accounts. These revised policies were adopted by the Department in September, 2007 and should help reduce the risk of billing errors and misappropriation of Charges for Services receipts.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.

**TUSCARAWAS COUNTY HEALTH DEPARTMENT  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	<b>Income Verification</b> Errors were noted in the billing and collection procedures over clinic, dental, family planning, and alcohol receipts.	No	Not Corrected. Refer to finding 2007-001.





**Mary Taylor, CPA**  
Auditor of State

**TUSCARAWAS COUNTY HEALTH DEPARTMENT**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 14, 2008**